

Message Text

LIMITED OFFICIAL USE

PAGE 01 NASSAU 01743 171929Z

70

ACTION ARA-10

INFO OCT-01 ISO-00 PA-01 PRS-01 USIA-06 TRSE-00 EB-07 SS-15

COME-00 FRB-03 CIAE-00 INR-07 NSAE-00 L-03 H-02

JUSE-00 /056 W

----- 022481

R 171709Z OCT 75

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 7388

LIMITED OFFICIAL USE NASSAU 1743

E.O. 11652: N/A

TAGS: EFIN CFED BF

SUBJ: IRS PROBE IN THE BAHAMAS: NASSAU GUARDIAN EDITORIAL

REF: NASSAU 1670 AND PREVIOUS

1. FOLLOWING EDITORIAL APPEARED IN THIS MORNING'S NASSAU GUARDIAN CONCERNING ALLEGED IRS ACTIVITIES IN THE BAHAMAS. EMBASSY IS REPEATING EDITORIAL ENTITLED "DO IT THE RIGHT WAY" IN ITS ENTIRETY AS IT REFLECTS PREVIOUS PUBLICIZED VIEW OF PRIME MINISTER PINDLING AND RULING PLP AS WELL AS LARGE SEGMENT OF LOCAL FINANCIAL AND BUSINESS LEADERS:

BEGIN QUOTE: (1) SOME UNSAVORY ALLEGATIONS HAVE BEEN MADE IN TESTIMONY GIVEN BEFORE A U.S. INVESTIGATING COMMITTEE PROBING THE MODUS OPERANDI OF THE U.S. CIA. SOME OF THE ALLEGATIONS HAVE BEEN CHILLING AND HORRIFYING -- ESPECIALLY THOSE RELATING TO PURPORTED CIA INVOLVEMENT IN PLANS TO ASSASSINATE CERTAIN FOREIGN HEADS OF STATE. SOME OF THE SMUT HAS WASHED ON TO THE INTERNAL REVENUE SERVICE OF THE US -- IN PARTICULAR THE IRS' OPERATION TRADEWINDS, WHICH WAS UNDER INVESTIGATION AT ABOUT THE SAME TIME.

(2) THE ALLEGATIONS REGARDING OPERATION TRADEWINDS ARE THAT WHAT WOULD SEEM TO BE ILLEGAL METHODS WERE EMPLOYED TO OBTAIN

LIMITED OFFICIAL USE

PAGE 02 NASSAU 01743 171929Z

INFO ABOUT WEALTHY AMERICANS AND AMERICAN RACKETEERS WHO HAD

LARGE SUMS OF MONEY DEPOSITED IN BAHAMIAN BANK ACCOUNTS. THE INTEREST OF THE IRS IN THESE ACCOUNTS WAS THAT THE IRS SUSPECTED THAT THE DEPOSITORS HAD SENT THESE FUNDS TO THE BAHAMAS TO AVOID, OR EVADE, THE PAYMENT OF U.S. INCOME TAX. FROM THE TESTIMONY, THE IRS WENT TO GREAT LENGTHS TO SUBORN BAHAMIAN PERSONNEL AND EVEN STOLE BAHAMIAN BANK DOCUMENTS FROM A BRIEF CASE WHICH WAS LEFT UNATTENDED AT A TRYST IN AN AMERICAN CITY, PHOTOGRAPHED THE DOCUMENTS AND RETURNED THEM TO THE BRIEFCASE WHILE THE PARTIES TO THE TRYST WERE OTHERWISE ENGAGED.

(3) THE BAHAMAS EARNS A CONSIDERABLE INCOME FROM BANKING AND FINANCIAL OPERATIONS WHICH RANK AFTER TOURISM IN IMPORTANCE TO THE BAHAMIAN ECONOMY. THEREFORE IT IS CLEAR THAT SUCH ACTIVITY ON THE PART OF THE IRS IS INIMICAL TO THE ECONOMIC INTERESTS OF THE BAHAMAS. WITHOUT THE STRICT SECRECY OF OUR BANKING INSTITUTIONS AS IS PROVIDED FOR UNDER BAHAMIAN LAW, THE BAHAMAS WOULD LOSE MUCH OF ITS ATTRACTIVENESS AS A FINANCIAL CENTRE AND TAX HAVEN.

(4) UNDER OUR LAW, BANKS ARE EXPRESSLY FORBIDDEN TO DIVULGE INFO ABOUT DEPOSITORS' ACCOUNTS EXCEPT BY THE ORDER OF A COMPETENT COURT OF THE BAHAMAS JUDICATURE TO WHICH APPLICATION HAS BEEN MADE AND GRANTED FOR THAT PURPOSE. THIS ENSURES THAT CONFIDENTIALITY WHICH IS ONE OF THE NECESSARY INGREDIENTS MAKING UP THE CREDENCE, ASSURANCE AND STABILITY WITHOUT WHICH THE BAHAMAS COULD NOT FUNCTION EFFECTIVELY, AS IT DOES NOW, AS AN IMPORTANT FINANCIAL CENTER.

(5) THE BAHAMAS GOVERNMENT HAS LODGED AN OFFICIAL PROTEST IN THE MATTER WITH THE USG AND IT IS TO BE HOPED THAT IN FUTURE AMERICAN LAW ENFORCEMENT AGENCIES -- WHICH ARE HIGHLY COGNIZANT OF THE REQUIREMENTS OF "DUE PROCESS" -- WILL ENDEAVOUR TO OBTAIN THROUGH THE FRONT DOOR SUCH INFORMATION AS THEY MAY NEED AND OFFICIALS IN THE BAHAMAS ARE FREE TO PASS ON TO THEM. WHENEVER AMERICAN AGENCIES HAVE APPLIED FOR ASSISTANCE THROUGH THE REGULAR CHANNELS, THEIR BAHAMIAN COUNTERPARTS ALWAYS HAVE RESPONDED POSITIVELY WHERE THEY WERE EMPOWERED TO DO SO AND IT WAS LEGAL UNDER OUR LAWS TO DO SO. EVEN THE IRS ITSELF IS NOW DEBATING THE PROPRIETY OF MAKING USE OF INFORMATION ILLEGALLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NASSAU 01743 171929Z

OBTAINED. THEREFORE IT WOULD HAVE BEEN BETTER ALL 'ROUND IF THE IRS HAD UTILIZED THE PROPER PROCEDURE IN THE FIRST PLACE.

(6) THE BAHAMAS IS A SMALL COUNTRY, FRIENDLY TO THE U.S. AND CLOSE TO HER SOUTHERN SHORES. THE U.S. AGENCIES INVOLVED OUGHT TO TAKE THESE FACTORS INTO ACCOUNT IN FUTURE BEFORE TRYING TO GET CLANDESTINE INFORMATION WHICH THEY MAY NOT BE ABLE TO USE IN A COURT OF LAW. WE WISH THE U.S. WELL AND EXPECT

THAT BY WORD AND DEED IT WILL RECIPROCATATE IN KIND. END QUOTE.
TAYLOR

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, TEXT, INVESTIGATIONS, ALLEGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NASSAU01743
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750361-0320
From: NASSAU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751043/aaaablxx.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 NASSAU 1670
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2003 by ElyME>; APPROVED <18 DEC 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IRS PROBE IN THE BAHAMAS: NASSAU GUARDIAN EDITORIAL
TAGS: EFIN, CFED, BF, US, IRS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006